

MESSAGE FROM THE PROGRAM EXECUTIVE OFFICER

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TRANSFORMING AMERICA'S SHIELD OF FREEDOM

As the Program Executive Officer of the U.S. Coast Guard's Integrated Deepwater System (IDS) Program, I am pleased to present the first IDS annual report. While the painstakingly crafted vision and strategy of the program have been several years in the making, an annual report at this juncture is particularly appropriate. The June 2002 Deepwater contract award to Integrated Coast Guard Systems (ICGS, a joint venture between Lockheed Martin and Northrop Grumman) marked a critical step toward the Coast Guard's long-term goal to design and build a system to meet its increasingly challenging, multimission requirements through the largest recapitalization program the Coast Guard has ever undertaken. Since then, the Deepwater Program has made considerable progress in converting the vision into reality.

During the past year, Deepwater's strategic plan was aligned with Commandant of the Coast Guard Admiral Thomas H. Collins' expressed direction to attain operational excellence in all that we do. Our vision in transforming the Coast Guard for the 21st century is to keep it the world's best—properly equipped and fully prepared to meet every maritime challenge. Our progress in achieving this vision flows from our commitment to people,

partnerships, and performance. We seek to elevate the importance of people by being attentive to their needs and fostering a learning organization. We are forming partnerships at every turn—within the Coast Guard, the Department of Homeland Security, the other military services, and private industry. Such internal and external partnerships allow us to leverage joint capabilities toward a common purpose founded on shared goals, open communication, and trust. Lastly, we are committed to achieving excellent performance in all that we do. We manage and measure our performance with a constant focus on productivity.

Deepwater's wide-ranging recapitalization program entails far more than the progressive replacement of the Coast Guard's aging inventory of cutters, fixed-wing aircraft, and helicopters over the next 20 years. Rather, it is an integrated approach to upgrade existing legacy assets while transitioning to newer, more capable manned and unmanned platforms – including highly improved systems for command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) and logistics.

The needs of the operator in the field are foremost in our minds. IDS does not follow past procurement practices of replacing assets on a one-

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for-one basis. Our acquisition strategy calls for the delivery of an entire system of interoperable platforms and supporting systems designed to meet performance-based requirements. This focus on system-wide acquisition requires that Deepwater's performance requirements be viewed in their entirety in order to ensure asset comparability and interoperability, while providing high levels of operational performance and the best-value solution for U.S. taxpayers. The program is unique in its innovative efforts to reduce total ownership costs to the lowest possible level.

Effective partnerships are critical to the success of the Deepwater program, and we have developed a strong public-private relationship with Integrated Coast Guard Systems, our systems integrator. We share a common commitment to impart innovation with the most productive use of affordable technology—transforming operational capabilities, managing risk wisely, and balancing cost, schedule, and performance with our need to serve Coast Guard men and women in the field. We also are partnering closely with the U.S. Navy in support of the National Fleet policy. In addition to these partnerships, we seek to collaborate with other agencies in the Department of Homeland Security wherever and whenever it makes sense to do so.

The urgency associated with our work is motivated by the events of 9/11 and the Coast Guard's realignment in March under the Department of Homeland Security. Deepwater will provide the improved capabilities needed to push our nation's maritime borders outward with a time-proven layered defense. These improvements in the Coast Guard's surveillance-and-response capabilities define the center of gravity in obtaining the levels of maritime domain awareness necessary to protect the homeland and the safety of our fellow citizens during the challenging years ahead.

In a little more than a year, the IDS program has made significant strides in implementing its long-term modernization schedule. In April, two subcontracts totaling \$129 million were awarded to Northrop Grumman Corporation's Ships Systems sector for detail design and long-lead material procurement for the National Security Cutter. In May, the Commandant announced

that the CASA 235-300M aircraft had been selected as Deepwater's medium-range maritime patrol aircraft. Similar progress has been recorded in each of Deepwater's domains, as documented in the pages of this annual report.

Admiral Collins has identified "keeping the Deepwater program on course" as one of his highest priorities, and Secretary of Homeland Security Tom Ridge, President Bush, and the Congress have given him their enthusiastic support. The Integrated Deepwater System will ensure our nation's ability to deploy



RADM Stillman addressed attendees at Deepwater's contract award announcement on June 25, 2002. Dr. Vance Coffman, CEO of Lockheed Martin, ADM Thomas H. Collins, Commandant of the Coast Guard, and Dr. Ron Sugar, COO of Northrop Grumman, look on.

the best Coast Guard in the world: military, multimission, maritime, and mobile. The need is real—the time is now.

The dedicated men and women of our Deepwater team – both Coast Guard and industry shipmates – are extremely talented, diligent, and entirely devoted to providing the best possible system solution. Together they have made significant strides in the first year of the IDS contract, and I am extremely proud of their accomplishments as we transform America's Shield of Freedom – the United States Coast Guard. Sail on!